


City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 24, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER 

SUBJECT: MONTHLY FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2015

BACKGROUND: Since City Council's next meeting is in September, this Monthly Financial Report is informational in nature and will not be docketed for Council action. The following discussion is a summary of the Monthly Financial Report for this period. The complete report is attached.

This report includes highlights of the City's financial condition and provides fiscal year FY 2015 financial information on revenues and expenditures of the General Fund for the period ending June 30, 2015. These results are un-audited and does not include all revenues and expenditures for FY 2015. Final revenues and expenditures for FY 2015 will be reported later this year in the City's audited Comprehensive Annual Financial Report (CAFR). The CAFR will reflect additional revenues received and FY 2015 disbursements made through the end of summer that are attributable to FY 2015.

Although City General Fund revenues may still come in below the amount budgeted, revenues will at least equal or exceed the FY 2015 revenues projected when the FY 2016 budget was adopted; FY 2015 expenditures will likely be lower than what was projected when the FY 2016 budget was adopted; and the General Fund (GF) Fund Balance should reflect an increase by the time the FY 2015 books are closed and the audit completed.

As of June 30, 2015, General Fund revenues totaled \$661.2 million, or 96.9% of the budgeted revenue, which is 2.4% lower than the four-year average of revenue received to date. Compared to the same period last year, the City received 2.6% more of budgeted revenue in this fiscal year than last year at the same time. Most of this increase is related to the collection of personal property taxes, both of which have exceeded the budgeted and projected amounts. For personal property taxes, a portion of the increase relates to citizen outreach efforts by City staff to work with city apartment complexes to educate tenants about their taxpaying responsibilities as new residents. Several categories of other local taxes will still have additional revenues received after July 1st that will be attributed to FY 2015. Motor Vehicle License Tax (Decal Fee) for vehicles collections has also exceeded the budgeted and projected amount. Intergovernmental Revenue

has lagged behind in both the budgeted amount and the projection mainly due to a reduction of \$0.8M in HB 599 revenue and Compensation Board funding in FY 2015. Other governmental revenue exceeded both the budgeted amount and the projection. One interesting category is Other Revenue, in which the City recovered more than \$0.4 million from the sale of surplus property because of efforts to maximize revenue.

As of June 30, 2015, General Fund expenditures totaled \$591.4 million, or 86.6% of budgeted expenditures. The City spent 1.4% less than the four-year average and spent 1.0% less of the budget than the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in June including the bond refunding. Personnel expenditures are 2.0% lower than the four-year average and reflect only 96.2 % of budget spent even though 100.0% of payrolls have been processed. Non-personnel expenditures are 2.3% less than the four-year average. This is partly due to management of expenditures to keep expenditures below revenue and partly due to savings in subsidy contributions to the Washington Metropolitan Area Transit Authority (WMATA) and Northern Virginia Juvenile Detention Home.

The economic indicator highlighted in this month's report is Residential Real Estate Sales Volume and Value. Additional economic, revenue, and expenditure charts are also available on the City of Alexandria website at: alexandriava.gov/FinancialReports. Attached are General Fund revenue and expenditure tables.

ATTACHMENTS:

Attachment 1: Monthly Financial Report for the period of June 30, 2015

STAFF:

Laura Triggs, Deputy City Manager

Morgan Routt, Acting Director, Office of Management and Budget

Kendel Taylor, Director, Finance Department

Martina Alexander, Budget/Management Analyst, Office of Management and Budget

CITY OF ALEXANDRIA, VIRGINIA



Monthly Financial Report

June 2015

Report Summary

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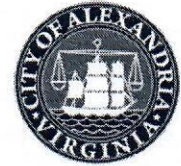
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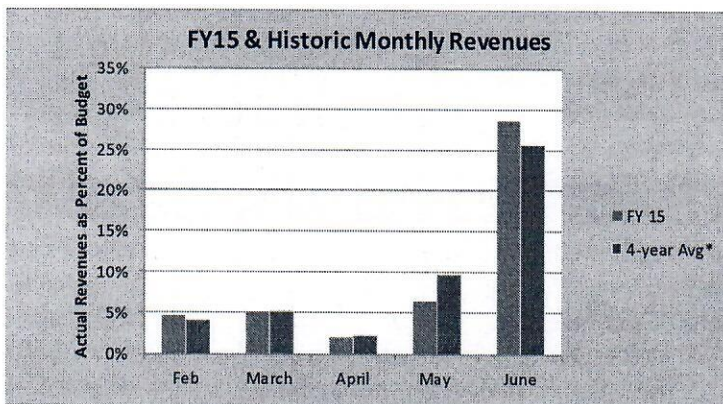
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The Monthly Financial Report details the City's General Fund revenues and expenditures as of the last day of the month, compares revenues and expenditures to historical data, and focuses on specific economic indicators relevant for the month. This report is presented to City Council by the City Manager and made available to the public.

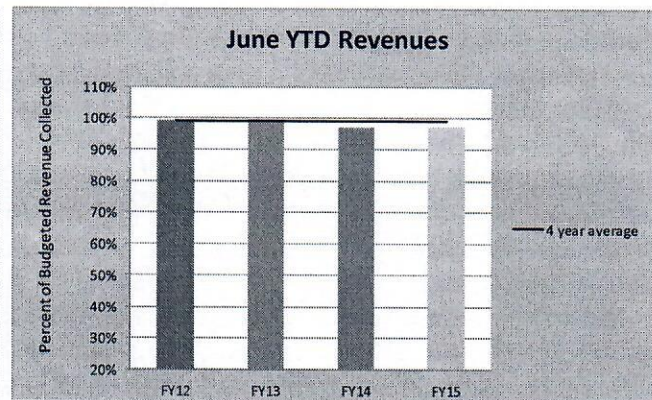
REVENUES



As of June 30, 2015, General Fund revenues totaled \$661.2 million, or 96.9% of the budgeted revenue, which is 2.4% lower than the four-year average of revenue received to date. Compared to the same period last year, the City received 2.6% more of budgeted revenue in this fiscal year than last year at the same time. Most of this increase is related to the collection of personal property taxes, both of which have exceeded the budgeted and projected amounts. For personal property taxes, a portion of the increase relates to citizen outreach efforts by City staff to work with city apartment complexes to educate tenants about their taxpaying responsibilities as new residents. Several categories of other local taxes will still have additional revenues received after July 1st that will be attributed to FY 2015. Motor Vehicle License Tax (Decal Fee) for vehicles collections have also exceeded the budgeted and projected amount. Intergovernmental Revenue has lagged behind in both the budgeted amount and the projection mainly due to a reduction of \$0.8M in HB 599 revenue and Compensation Board funding in FY 2015. Other governmental revenue exceeded both the budgeted amount and the projection. One interesting category is Other Revenue, in which the City recovered more than \$0.4 million from the sale of surplus property because of efforts to maximize revenue. Noticeable variances in revenues are detailed in the table below.



* 4-year average data comes from FY 2011-FY 2014 data.



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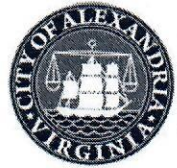
NOTE: Revenue charts exclude refunding bond proceeds so that revenues can be compared accurately year to year

REVENUE VARIANCES IN DETAIL

| Variances in FY15 YTD Revenue from the 4-year average | % Increase/(Decrease) of budgeted revenue collected from 4-yr average | Explanation |
|---|---|--|
| Transient Lodging | 6.5% | Transient lodging tax revenue continues to show positive signs from the fall projections. Collections to date show an increase of 6.5% when compared to the four-year average. This is due an increase in both occupancy and daily rates. Recent reports show a record breaking year in 2014 for visitors to the DC region, which is likely to have contributed to increased tourism spending in Alexandria hotel rooms. |
| Tobacco Tax | 6.5% | Tobacco Tax reflects a 6.5% increase in revenue when compared to the four-year average due to the increase in the tobacco tax from \$1.00 per pack to \$1.15 per pack. |
| Real Estate Recordation | (10.2%) | Real Estate Recordation is 10.2% below the four-year average. When compared to FY 2014, collections in this category have increased by \$0.8M, or 20.0%, primarily due the recordation tax collected on the sale of Canal Center. FY 2015 collections will be under the budgeted amount but will exceed the projected amount with the increased activity that occurs during the summer months. |

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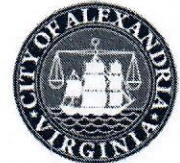
REVENUES



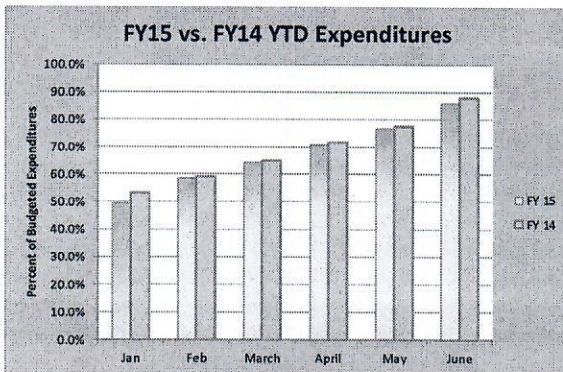
REVENUE VARIANCES IN DETAIL (CONT.)

| Variances in FY15 YTD Revenue from the 4-year average | % increase/(decrease) of budgeted revenue collect- ed from 4-yr average | Explanation |
|--|---|---|
| Admissions Tax | (13.7%) | Admission taxes have decreased by 13.7% when compared to the four-year average. This is due to weak movie ticket sales, which is consistent with national trends. |
| Fines and Forfeitures | (14.5%) | Fines and Forfeitures have decreased by 14.5% when compared to the four-year average due to a decrease in parking violation revenue and red light camera revenue due to the delay of installing two new cameras. The implementation of the online parking app, Pango, may also be impacting the issuance of parking tickets by making it easier to pay for parking (and avoid a ticket) and by requiring walking visual inspection for enforcement. |

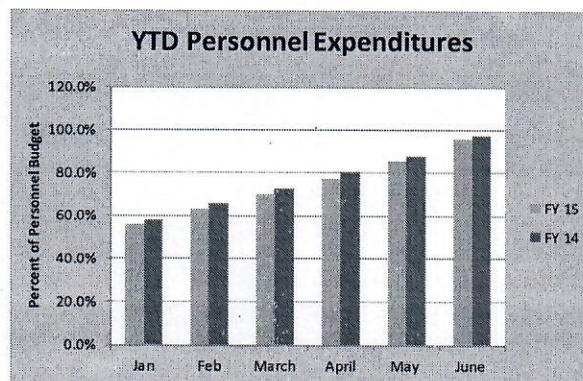
EXPENDITURES



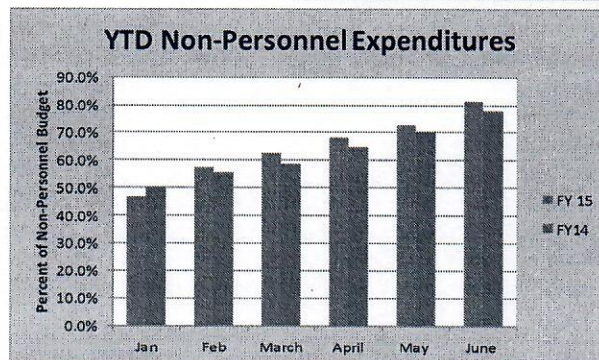
As of June 30, 2015, General Fund expenditures totaled \$591.4 million, or 86.6% of budgeted expenditures. The City spent 1.4% less than the four-year average and spent 1.0% less of the budget for the same period last year. The revised budget reflects amounts that were appropriated in the supplemental appropriation ordinance approved in June including the bond refunding. The refunding bond expenses were adjusted in prior years in the charts below to compare expenditures in past years. Personnel expenditures are 2.0% lower than the four-year average and reflect only 96.2 % of budget spent even though 100% of payrolls have been processed. Non-personnel expenditures are 2.3% less than the four-year average. This is partly due to management of expenditures to keep expenditures below revenue and partly due to savings in subsidy contributions to the Washington Metropolitan Area Transit Authority (WMATA) and Northern Virginia Juvenile Detention Home. Noticeable variances in expenditures from the four-year average include various departments with vacancies and General Cash Capital are detailed in the table below. This is not the final FY 2015 expenditure total, as additional expenditures made after July 1st for services provided before June 30th will be attributed to FY 2015.



Percent of budget expended is 2.0% lower than in FY 14, excluding Refunding Bond Expenses.



At this point in the fiscal year, the City YTD personnel costs are 1.4% lower than this month last year. These costs have been consistently lower than in FY 2014. Salaries and benefits are 2.0% below the four-year average.



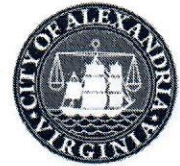
YTD non-personnel expenditures are 3.2% higher than this point in FY14, excluding refunding bond expenditures.

NOTE: Refunding bond expenditures are not included in charts so that expenditures can be compared year to year.

EXPENDITURE VARIANCES IN DETAIL

| Variances in FY15 YTD Expenditures from the 4-year average | % increase/(decrease) of budgeted expenditures from 4-yr avg. | Explanation |
|--|---|---|
| Various Departments with Vacancies | Varies | Information Technology Services, Human Resources, and Registrar expenditures are lower than the past due to vacancies within these departments. |
| Cash Match | 30.6% | Transfers to Special Revenue Funds are above historical averages due to the new General Fund transfer of transportation funding which occurs at the beginning of the fiscal year for the City's share of regional Northern Virginia Transportation Authority (NVTA) revenues. |

ECONOMIC INDICATORS

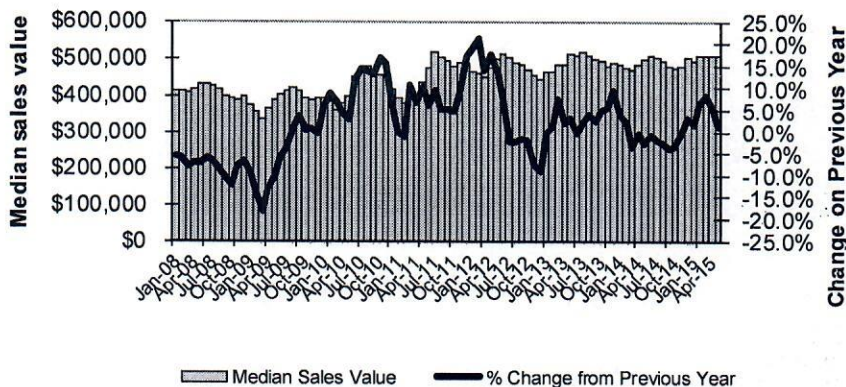


Residential Real Estate Sales Volume and Value

According to data from Metropolitan Regional Information Systems (MRIS) and the City's Department of Real Estate Assessments, through May of calendar year 2015, a total of 985 residential dwellings have been sold. This equates to a 9.4% increase over the same period from last year. The average single family home sales price increased by 15.6%, while the average sales price on townhomes and condominiums decreased by 1% when comparing to the same period last year. Also through May of calendar year 2015, the three month moving average of the median sales value (\$505,483) is up 1.3% over the same period in calendar year 2014.

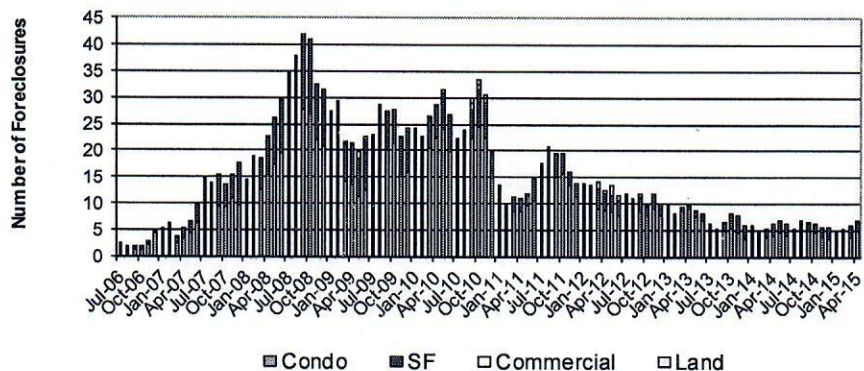
There were 28 foreclosures through May of calendar 2015, 6.7% less than the same period last year.

Alexandria Residential Property Median Sales Value
Three Month Trailing Average

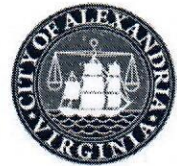


Source: Real Estate Assessments
Through May 2015

New Foreclosures in Alexandria
3 month trailing average



Source: Real Estate Assessments
Through May 2015

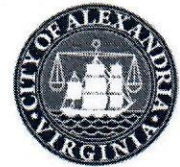


CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND
FOR THE PERIODS ENDING JUNE 30, 2015

| | A | B | C | D=C/B | E | F=D-E |
|--|-----------------------|-----------------------|-----------------------|--------------|--------------|--------------|
| | FY 2015 | FY 2015 | FY 2015 | | 4 YR AVER % | VARIANCE |
| | AMENDED | PROJECTED | REVENUES | % | OF REVENUES | FY 2015 TO |
| | BUDGET | REVENUES | THRU 6/30/15 | OF BUDGET | RECEIVED | 4 YR AVER |
| General Property Taxes | | | | | | |
| Real Property Taxes..... | \$ 369,652,723 | \$ 369,643,171 | \$ 370,412,780 | 100.2% | 101.7% | -1.5% |
| Personal Property Taxes..... | 41,286,000 | 43,500,000 | 44,056,259 | 106.7% | 106.5% | 0.2% |
| Penalties and Interest..... | 2,145,000 | 2,145,000 | 1,957,917 | 91.3% | 88.7% | 2.6% |
| Total General Property Taxes | \$ 413,083,723 | \$ 415,288,171 | \$ 416,426,956 | 100.8% | 102.1% | -1.3% |
| Other Local Taxes | | | | | | |
| Local Sales and Use Taxes..... | \$ 26,900,000 | \$ 25,300,000 | \$ 21,580,784 | 80.2% | 82.4% | -2.2% |
| Consumer Utility Taxes..... | 12,200,000 | 12,200,000 | 10,846,035 | 88.9% | 88.1% | 0.8% |
| Communication Sales and Use Taxes..... | 11,200,000 | 11,000,000 | 9,007,802 | 80.4% | 79.8% | 0.6% |
| Business License Taxes..... | 33,000,000 | 33,000,000 | 33,280,666 | 100.9% | 96.9% | 4.0% |
| Transient Lodging Taxes..... | 11,300,000 | 11,300,000 | 10,111,442 | 89.5% | 83.0% | 6.5% |
| Restaurant Meals Tax..... | 17,700,000 | 17,400,000 | 15,499,048 | 87.6% | 89.2% | -1.6% |
| Tobacco Taxes..... | 3,060,000 | 3,060,000 | 2,765,996 | 90.4% | 83.9% | 6.5% |
| Motor Vehicle License Tax..... | 3,400,000 | 3,400,000 | 3,481,526 | 102.4% | 104.0% | -1.6% |
| Real Estate Recordation..... | 5,400,000 | 5,000,000 | 4,650,579 | 86.1% | 96.3% | -10.2% |
| Admissions Tax..... | 1,000,000 | 850,000 | 739,140 | 73.9% | 87.6% | -13.7% |
| Other Local Taxes..... | 3,640,000 | 3,884,800 | 3,399,472 | 93.4% | 116.8% | -23.4% |
| Total Other Local Taxes | \$ 128,800,000 | \$ 126,394,800 | \$ 115,362,490 | 89.6% | 89.3% | 0.3% |
| Intergovernmental Revenues | | | | | | |
| Revenue from the Fed. Government..... | \$ 9,976,119 | \$ 9,976,119 | \$ 9,153,269 | 91.8% | 91.4% | 0.4% |
| Personal Property Tax Relief from the Commonwealth..... | 23,578,531 | 23,578,531 | 23,578,531 | 100.0% | 100.0% | 0.0% |
| Revenue from the Commonwealth..... | 23,256,845 | 22,408,381 | 21,141,892 | 90.9% | 100.8% | -9.9% |
| Total Intergovernmental Revenues | \$ 56,811,495 | \$ 55,963,031 | \$ 53,873,692 | 94.8% | 98.7% | -3.9% |
| Other Governmental Revenues And | | | | | | |
| Transfers In | | | | | | |
| Fines and Forfeitures..... | \$ 5,815,000 | \$ 5,815,000 | \$ 4,894,733 | 84.2% | 98.7% | -14.5% |
| Licenses and Permits..... | 2,496,775 | 2,496,775 | 2,445,876 | 98.0% | 113.7% | -15.7% |
| Charges for City Services..... | 18,074,326 | 18,074,326 | 18,634,143 | 103.1% | 104.4% | -1.3% |
| Revenue from Use of Money & Prop..... | 4,850,000 | 4,850,000 | 5,297,886 | 109.2% | 111.5% | -2.3% |
| Other Revenue..... | 6,539,942 | 6,450,442 | 7,093,519 | 108.5% | 161.3% | -52.8% |
| Transfer from Other Funds..... | 3,206,574 | 3,206,574 | 3,206,574 | 100.0% | 95.5% | 4.5% |
| Total Other Governmental Revenues | \$ 40,982,617 | \$ 40,893,117 | \$ 41,572,731 | 101.4% | 106.2% | -4.8% |
| TOTAL REVENUE | \$ 639,677,835 | \$ 638,539,119 | \$ 627,235,869 | 98.1% | 99.3% | -1.2% |
| Appropriated Fund Balance | | | | | | |
| General Fund..... | 3,351,470 | 443,569 | - | - | - | - |
| Appropriated refunding bond proceeds | 33,995,000 | 33,995,000 | 33,995,000 | - | - | - |
| Reappropriation of FY 2015 | - | - | - | - | - | - |
| Encumbrances And Other | - | - | - | - | - | - |
| Supplemental Appropriations & Projections | 5,708,413 | 9,755,030 | - | - | - | - |
| TOTAL | \$ 682,732,718 | \$ 682,732,718 | \$ 661,230,869 | 96.9% | 99.3% | -2.4% |

ATTACHMENT 2



100% of Fiscal Year Completed
100% of Payrolls Processed

Online Reference 3

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION GENERAL FUND FOR THE PERIODS ENDING JUNE 30, 2015

| FUNCTION | B | C | D=C/B | E | F=D-E |
|---|----------------|------------------------------|-----------------------|-----------------------|-------------------------|
| | FY2015 | FY2015 | % | 4 YR AVER % | VARIANCE |
| | BUDGET | EXPENDITURES THRU 6/30/15 | OF BUDGET EXPENDED | OF BUDGET EXPENDED | FY 2015 TO 4 YR AVER |
| Legislative & Executive..... | \$ 8,567,460 | \$ 7,155,209 | 83.5% | 92.6% | -9.1% |
| Judicial Administration..... | \$ 41,965,596 | \$ 40,017,622 | 95.4% | 97.2% | -1.8% |
| Staff Agencies | | | | | |
| Information Technology Services..... | \$ 11,006,363 | \$ 8,715,543 | 79.2% | 91.0% | -11.8% |
| Management & Budget..... | 1,317,834 | 1,150,927 | 87.3% | 87.9% | -0.6% |
| Finance..... | 13,967,541 | 11,387,517 | 81.5% | 85.2% | -3.7% |
| Human Resources..... | 3,892,714 | 2,971,698 | 76.3% | 94.3% | -18.0% |
| Planning & Zoning..... | 5,316,598 | 5,076,546 | 95.5% | 96.8% | -1.3% |
| Economic Development Activities..... | 5,176,855 | 5,222,088 | 100.9% | 97.4% | 3.5% |
| City Attorney..... | 2,767,025 | 2,614,375 | 94.5% | 91.5% | 3.0% |
| Registrar..... | 1,271,261 | 1,112,845 | 87.5% | 92.3% | -4.8% |
| General Services..... | 13,909,383 | 13,102,724 | 94.2% | 94.9% | -0.7% |
| Total Staff Agencies | \$ 58,625,574 | \$ 51,354,263 | 87.6% | 91.8% | -4.2% |
| Operating Agencies | | | | | |
| Transportation & Environmental Services..... | \$ 28,942,387 | \$ 25,404,354 | 87.8% | 94.3% | -6.5% |
| Fire..... | 44,264,240 | 44,144,395 | 99.7% | 98.5% | 1.2% |
| Police..... | 55,759,265 | 53,439,141 | 95.8% | 97.5% | -1.7% |
| Emergency Communications..... | 7,225,189 | 6,455,128 | 89.3% | 94.2% | -4.9% |
| Code..... | 120,000 | 103,867 | 86.6% | 86.0% | 0.6% |
| Transit Subsidies..... | 7,893,940 | 6,959,678 | 88.2% | 92.3% | -4.1% |
| Housing..... | 1,808,108 | 1,693,658 | 93.7% | 88.2% | 5.5% |
| Community and Human Services..... | 14,271,853 | 12,912,455 | 90.5% | 97.0% | -6.5% |
| Health..... | 8,460,597 | 7,919,946 | 93.6% | 95.1% | -1.5% |
| Historic Resources..... | 2,839,398 | 2,802,944 | 98.7% | 97.2% | 1.5% |
| Recreation..... | 21,105,911 | 20,311,696 | 96.2% | 96.1% | 0.1% |
| Total Operating Agencies | \$ 192,690,888 | \$ 182,147,262 | 94.5% | 96.6% | -2.1% |
| Education | | | | | |
| Schools..... | \$ 191,811,472 | 157,888,998 | 82.3% | 88.7% | -6.4% |
| Other Educational Activities..... | 11,877 | 11,877 | 100.0% | 100.0% | 0.0% |
| Total Education | \$ 191,823,349 | \$ 157,900,875 | 82.3% | 88.7% | -6.4% |
| Capital, Debt Service and Miscellaneous | | | | | |
| Debt Service..... | \$ 62,664,899 | \$ 59,738,661 | 95.3% | 104.5% | -9.2% |
| Expenses on Refunding Bonds..... | 33,858,404 | 33,858,404 | 100.0% | 100.0% | 0.0% |
| Non-Departmental..... | 9,646,910 | 8,175,346 | 84.7% | 88.4% | -3.7% |
| General Cash Capital..... | 23,378,294 | 18,058,794 | 77.2% | 81.2% | -4.0% |
| Contingent Reserves..... | 7,956 | - | - | - | 0.0% |
| Total Capital, Debt Service and Miscellaneous | \$ 129,556,463 | \$ 119,831,205 | 92.5% | 95.8% | -3.3% |
| TOTAL EXPENDITURES | \$ 623,229,330 | \$ 558,406,436 | 89.6% | 93.6% | -4.0% |
| Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital I | \$ 40,592,632 | \$ 14,228,155 | 35.1% | 4.5% | 30.6% |
| Transfer to Library..... | 6,607,160 | 6,607,160 | 100.0% | 99.9% | 0.1% |
| Transfer to NVTA..... | 12,167,000 | 12,167,000 | 100.0% | - | 100.0% |
| TOTAL EXPENDITURES & TRANSFERS | \$ 682,596,122 | \$ 591,408,751 | 86.6% | 88.0% | -1.4% |